



“Great Apartments Start Here!”

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Via Electronic Mail

Hon. Mayor Kevin McKeown, and
Members of the Santa Monica City Council
City Hall
1685 Main Street
Santa Monica, California 90401

Re: Public Hearings and Resolutions – Water and Wastewater Rate Adjustments (agenda items 9A and 9B)

Dear Mayor McKeown and Members of the City Council;

The Apartment Association of Greater Los Angeles’ (AAGLA) strongly opposes the adoption of the proposed resolutions establishing a five-year rate adjustment schedule to significantly increase the rates for water and wastewater services. While we recognize the City’s stated objectives of maintaining the extensive water production and distribution facilities, maintaining the current levels of wastewater service and reliability, and achieving the City’s goal of water self-sufficiency by 2023, the recommended rate increases would exponentially affect owner’s ability to properly maintain and operate their buildings.

The proposed rate schedule would result in immediate increases of 20% for water and 10% for wastewater coupled with the City’s current 2% rent control limitations, rental housing providers, particularly the smaller “mom and pop” owners would struggle to stay in business. **The City must ensure that any additional costs for water and wastewater are assessed to and shared among the renters in the building who are the primary users of the water and beneficiaries of wastewater services.** By allowing for the sharing of water and wastewater costs among a building’s renters, the City is advancing an equitable solution and encouraging City renters, who currently do not pay for the cost of their water usage, to conserve water.

The City’s rent control limitations, which at times over the years has prohibited any rent increases, has appreciably limited an owner’s ability to recoup costs and receive a fair and reasonable return on their investment. **It is critical that the City establish a mechanism for owners to offset these increased water and wastewater costs.** Most multifamily rental buildings do not have a



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submetering system to monitor renter's utility consumption which would make them accountable for their individual water consumption. **The entire cost of the building's water use is borne by the owner. This situation is further exacerbated for owners in rent-controlled buildings who are severely limited in passing on any increases in water and wastewater costs through rent increases to renters. The only option for owners to recoup such costs would be to further increase rents following a vacancy, which would result in overall higher City rental rates.**

If the City Council adopts these resolutions and the proposed rate increase schedules, **we urge Council to allow owners to pass through the costs to renters and/or implement other measures to equitably allocate utility costs to their renters. Allowing for a pass through, whereby renters are responsible for their individual water usage will promote and incentivize water conservation.**

Thank you for your time and consideration of these matters. If you have any questions, please call me at (213) 384-4131; Ext. 309 or contact me via electronic mail at danielle@aagla.org.

Very truly yours,

Danielle Leidner-Peretz